

RECORDATION NO. 25041-A FILED

AUG 13 '04 1-08 PM

SURFACE TRANSPORTATION BOARD

ALVORD AND ALVORD
ATTORNEYS AT LAW
1050 SEVENTEENTH STREET, N.W.
SUITE 301
WASHINGTON, D.C.
20036

(202) 393-2266
FAX (202) 393-2156
E-MAIL alvordlaw@aol.com

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

OF COUNSEL
URBAN A. LESTER

August 13, 2004

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Termination of Security Interest, dated as of August 13, 2004, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document is a complete release and relates to the Memorandum of Mortgage which was previously filed with the Board under Recordation Number 25041.

The names and addresses of the parties to the enclosed document are:

Secured Party: Bayerische Hypo-Und Vereinsbank AG, as
Agent
FPA 4 Lease/Asset Finance
Am Tucherpark 1 (FPA)
80538 Munich
Germany

Debtor: Babcock & Brown Rail Funding LLC
599 Lexington Avenue
New York, New York 10022

Mr. Vernon A. Williams
August 13, 2004
Page 2

A description of the railroad equipment covered by the enclosed document
is:

300 railcars: WEPX 3025 – WEPX 3324.

A short summary of the document to appear in the index is:

Termination of Security Interest.

Also enclosed is a check in the amount of \$30.00 payable to the order of
the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the
undersigned.

Very truly yours,



Robert W. Alvord

RWA/anm
Enclosures

EXECUTION COPY

TERMINATION OF SECURITY INTEREST

THIS TERMINATION OF SECURITY INTEREST (this "**Termination**") is made this 13th day of August, 2004 between **BABCOCK & BROWN RAIL FUNDING LLC** (the "**Borrower**") and **BAYERISCHE HYPO- UND VEREINSBANK AG**, as agent (the "**Agent**") for the banks under the Amended and Restated Security Agreement dated as of October 18, 2002 (as amended, supplemented or otherwise modified through the date hereof, including, without limitation, as supplemented by Security Agreement Supplement No. 10 dated July 7, 2004 ("**Security Agreement Supplement No. 10**"), the "**Security Agreement**"). Capitalized terms used in this Termination and not otherwise defined herein shall have the meanings (by cross-reference or otherwise) in the Security Agreement.

WHEREAS, the Security Agreement created a lien and security interest in favor of the Agent in and to the Units and the Qualifying Leases (each as defined in the Security Agreement);

WHEREAS, the Borrower and the Agent are parties to that certain Memorandum of Mortgage, dated as of July 7, 2004, a copy of which was duly filed with the Surface Transportation Board (the "**STB**") on July 7, 2004 at 2:39 p.m. EDT under Recordation Number 25041 (the "**Memorandum of Mortgage**"); and

WHEREAS, the Borrower and the Agent now desire to terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 10, and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, and to record such termination and cancellation with the STB.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower and the Agent, intending to be legally bound, agree as follows:

1. The Borrower and the Agent hereby terminate and cancel the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 10 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, effective as of the date this Termination is filed with the STB (the "**Effective Date**"), and the Borrower and the Agent hereby agree that no rights, duties or liabilities under the Security Agreement in relation to the property described in Schedule I to Security Agreement Supplement No. 10 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, shall survive such termination and cancellation of the Agent's security interest in and mortgage lien upon all right, title and interest of the Borrower in, to and under the property described in Schedule I to Security Agreement Supplement No. 10 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, except with respect to acts, events, or omissions under the Security Agreement occurring on or prior to the Effective Date and indemnities with respect to such acts, events or omissions.

2. The Borrower and the Agent agree to record this Termination with the STB so as to release any security interest in and mortgage lien upon the property described in Schedule I to

NEWYORK/#137464.1

RECORDATION NO. 25041 **A** FILED

AUG 13 '04 1-08 PM

SURFACE TRANSPORTATION BOARD

[Termination of Security Interest]

Security Agreement Supplement No. 10 and Exhibits A and B to the Memorandum of Mortgage, as specified in Exhibit I hereto, created by or arising out of the Security Agreement.

3. This Termination may be executed in any number of counterparts, each executed counterpart constituting an original but all together constituting only one and the same agreement.

4. This Termination shall be governed by and construed in accordance with the laws of the State of New York and is being delivered in the State of New York.

* * *

[Termination of Security Interest]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: _____

Name: Ross Sullivan

Title: Vice President

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

[Termination of Security Interest]

STATE OF CALIFORNIA)

) SS:

COUNTY OF SAN FRANCISCO)

On this 9th day of August, 2004, before me personally appeared Ross Sullivan, to me personally known, who, being by me duly sworn, says that he is Vice President of Babcock & Brown Rail Funding LLC and that the foregoing Termination of Security Interest was signed on behalf of said limited liability company. Further, he acknowledged that the execution of the foregoing Termination of Security Interest was the free act and deed of said limited liability company.

Heidi Wagner
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

June 4, 2006



[Termination of Security Interest]

IN WITNESS WHEREOF, the Borrower and the Agent have each caused this Termination of Security Interest to be duly executed and delivered as of the date first above written.

**BABCOCK & BROWN RAIL FUNDING
LLC**

By: _____
Name:
Title:

**BAYERISCHE HYPO- UND
VEREINSBANK AG**, not in its individual
capacity except as expressly provided herein,
but solely as Agent

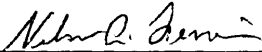
By: [Signature]
Name: STEFAN NIEGL
Title: MD

By: [Signature]
Name: MARTIN TOSICS
Title: VP

[Termination of Security Interest]

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

Subscribed to me on this 13th day of August, 2004 by Stefan Niggli, Managing Director
of Bayerische Hypo- und Vereinsbank AG and Martin Tobies, Vice President of Bayerische
Hypo- und Vereinsbank AG.



Notary Public

(NOTARIAL SEAL)

My Commission Expires:

December 8, 2007

WILSON A. FERREIRA
Notary Public, State of New York
Registration #02FE6102354
Qualified in New York County
My Commission Expires Dec. 8, 2007

[Termination of Security Interest]

**Exhibit I to
Termination of Security Interest**

EQUIPMENT

Lease #	# Cars	Year Built	Description	Reporting Marks	Casualty Marks
1	300	1998	4480 CF outside stake aluminum BethGon Coalporter railcars, 286,000 GRL, AAR car type code J311, built by Freight Car Services, Inc.	WEPX 3025 – WEPX 3324, inclusive	None

LIST OF LEASES AND OTHER OPERATIVE AGREEMENTS

1. Railcar Equipment Lease dated as of August 26, 1998, entered into by and between Banc of America Leasing & Capital, LLC (as ultimate assignee of JAIX Leasing Company) and Wisconsin Electric Power Company.
2. Rider 1 to Railcar Equipment Lease dated August 26, 1998, between Banc of America Leasing & Capital, LLC (as ultimate assignee of JAIX Leasing Company) and Wisconsin Electric Power Company.
3. First Amendment to Railcar Equipment Lease entered into as of January 18, 2001, between Banc of America Leasing & Capital, LLC and Wisconsin Electric Power Company.
4. Lease Extension Agreement dated as of July 7, 2004, between Babcock & Brown Rail Funding LLC and Wisconsin Electric Power Company.
5. Memorandum of Railcar Equipment Lease dated as of August 26, 1998, made by Banc of America Leasing & Capital, LLC (as ultimate assignee of JAIX Leasing Company) and Wisconsin Electric Power Company.
6. Warranty Bill of Sale dated September 30, 1998, from JAIX Leasing Company to Banc of America Leasing & Capital, LLC (as successor by merger to NationsBanc Leasing Corporation).
7. Assignment and Assumption Agreement dated September 30, 1998, between JAIX Leasing Company and Banc of America Leasing & Capital, LLC (as successor by merger to NationsBanc Leasing Corporation).
8. Memorandum of Assignment and Assumption Agreement dated as of September 30, 1998, made by JAIX Leasing Company and Banc of America Leasing & Capital, LLC (as successor by merger to NationsBanc Leasing Corporation).
9. Purchase and Sale Agreement made as of September 25, 1998, by and between JAIX Leasing Company and Banc of America Leasing & Capital, LLC (as successor by merger to NationsBanc Leasing Corporation).
10. Notice and Acknowledgment dated September 30, 1998, made by JAIX Leasing Company and NationsBanc Leasing Corporation to Wisconsin Electric Power Company.
11. Letter dated September 29, 1998 from JAIX Leasing Company addressed to Banc of America Leasing & Capital, LLC (as successor by merger to NationsBanc Leasing Corporation) regarding the purchase price of the cars.
12. Bill of Sale dated July 7, 2004 from Banc of America Leasing & Capital, LLC to Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

Exhibit I

Page 2

[Termination of Security Interest]

13. Purchase Agreement [BALC] dated as of July 7, 2004, between Banc of America Leasing & Capital, LLC and Babcock & Brown Rail Funding LLC, to the extent the same relates to the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

14. Assignment and Assumption Agreement, dated as of July 7, 2004, between Banc of America Leasing & Capital, LLC and Babcock & Brown Rail Funding LLC, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

15. Notice and Acknowledgment dated June 30, 2004, made by Banc of America Leasing & Capital, LLC and Babcock & Brown Rail Funding LLC to Wisconsin Electric Power Company, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

16. Notice Pursuant to Notice and Acknowledgment dated July 7, 2004, made by Babcock & Brown Rail Funding LLC and Banc of America Leasing & Capital, LLC to Wisconsin Electric Power Company, in respect of the Equipment described under the caption "Lease # 1" in Exhibit I hereto.

17. Side Letter dated July 7, 2004 from Babcock & Brown Rail Funding LLC addressed to Banc of America Leasing & Capital, LLC, in respect of the purchase price per unit of Equipment described under the caption "Lease # 1" in Exhibit I hereto.

Together with all substitutions, replacements and renewals of the property above described, and all property which shall hereafter become physically attached to or incorporated in the property above described, whether the Borrower now has rights therein or such rights shall hereafter be acquired by it.

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: _____

8/13/04



Robert W. Alvord